

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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HF 2684 – Insurance Industry New Jobs Tax Credit (LSB 6670 HW)  
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Fiscal Note Version – New

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**Description**

House File 2684 creates an insurance premium tax credit for new jobs created. To qualify, the employer must increase employment at a plant site in Iowa by at least 10.0% and must enter into a job training agreement with a community college through Section 260E, Code of Iowa. The tax credit is equal to 6.0% of the wage base used to calculate unemployment insurance tax. The credit is effective July 1, 2008.

**Assumptions**

- The CY 2008 Iowa unemployment insurance wage base is \$22,800 and is projected to increase 4.0% each calendar year.
- An average of 730 new insurance-industry jobs are created each year, and 50.0% are estimated to be created within companies increasing employment by 10.0% and using Section 260E job training provisions (365 qualifying jobs per year).
- Tax credits earned in a calendar year will be redeemed through the insurance tax returned filed in March of the next calendar year.
- No credits will be earned prior to January 1, 2009.

**Fiscal Impact**

Redemption of the tax credit for new insurance industry jobs is projected to reduce net General Fund revenue by an estimated \$519,000 in FY 2010 and will grow 4.0% each succeeding year.

**Sources**

Dept. of Economic Development  
Dept. of Workforce Development wage and employment data  
Legislative Services Agency Analysis

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/s/ Holly M. Lyons

April 14, 2008

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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